

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE SEPTEMBER 19, 2007 PENSION BOARD MEETING

1. Call to Order

Chairman Dean Roepke called the meeting to order at 8:35 a.m. in the Green Room of the Marcus Center, 127 East State Street, Milwaukee, Wisconsin 53202.

2. Roll Call

Members Present:

Linda Bedford
Donald Cohen
John Martin (Vice Chairman)
Marilyn Mayr
Michael Ostermeyer
John Parish
Dr. Sarah Peck
Dr. Dean Roepke (Chairman)
Thomas Weber

Others Present:

David Arena, Director, Employee Benefits, Department of Administrative Services
Mark Grady, Principal Assistant Corporation Counsel
Jack Hohrein, ERS Manager and Pension Board Secretary
Donald Campbell, ERS Project Manager
Gordon Mueller, ERS Fiscal Officer
Annette Olson, ERS Benefits Coordinator
Steven Huff, Reinhart Boerner Van Deuren s.c.
Leigh Riley, Foley & Lardner LLP
Chris Trebatoski, Weiss Berzowski Brady LLP
Terry Dennison, Mercer Investment Consulting
Patrick Silvestri, Mercer Investment Consulting
Guy Cooper, Mercer Investment Consulting
Anita Brar, Capital Guardian
Eran Klein, Capital Guardian
Eric Lesch, ERS Member
Jackie Wigley, ERS Disability Pensioner
Laura Tice, ERS Member
Attorney Andrei Ciobanu, representing Laura Tice
Dr. Steven Ulrich, M.D., supporting Laura Tice
Ken Loeffel, Retiree

Florence Ignarski, Retiree
Nancy Beck-Metz, Retiree
Esther Hussey, Retiree
Gloria Yelezyn, Retiree
Sofia Szejma, Retiree
Peter Mischke, Retiree
Joanne Schoenherr, Retiree
Herbert Schoenherr, Retiree
Dave Umhoefer, *Milwaukee Journal Sentinel* Reporter

3. Chairman's Report

The Chairman expressed the Board's gratitude to Mr. Martin for his dedicated service to the Board over the past four years. The Chairman praised Mr. Martin's contributions as Vice Chairman of the Board, as Chairman of the Investment Committee, and as a representative on the Vitech Implementation and Oversight Committee. He noted that Mr. Martin's intellect, leadership and integrity advanced the progress of ERS. On behalf of the Board, the Chairman wished Mr. Martin well in his future endeavors. The Chairman presented Mr. Martin with a gift as a token of the Board's sincere appreciation for his service. The Chairman commended all of the Board members for their efforts.

4. Minutes of the August 15, 2007 Meeting

The Board reviewed and unanimously approved the minutes of the August 15, 2007 Pension Board meeting. Motion by Mr. Cohen, seconded by Mr. Weber.

5. Report of Retirement System Manager

(a) Ratification of Retirements Granted

Mr. Hohrein presented the Retirements Granted report for the prior month's retirements and asked the Board to review them. He noted that there has been a steady flow of retirements and that back DROP payments in the amount of approximately \$400,000 were made in August. Ms. Mayr inquired whether there has been any follow-up on last meeting's discussion of the retirement approval process. Mr. Grady reported that he has been researching whether the Board must approve retirements and that he will have his conclusions for the Board at the October meeting.

The Board unanimously accepted the Retirements Granted report. Motion by Mr. Martin, seconded by Mr. Cohen.

(b) Report on Waivers

Mr. Hohrein reported that Hattie Daniels-Rush, Director of Community Relations and Thomas Nardelli, the County Executive's Chief of Staff, had each submitted benefit waivers. Mr. Huff reported that his law firm had reviewed each waiver and determined that the waivers submitted by the two individuals were the standard waiver forms recommended by the Board.

**The Board unanimously agreed to accept the waivers presented.
Motion by Mr. Martin, seconded by Ms. Mayr.**

(c) Retired Pension Board Member Election Update

Mr. Hohrein reviewed the results of the primary election for the retired Board member position. Mr. Hohrein reported that Ms. Mayr had received 1,831 votes, while Mr. Van Beek and Mr. Rath had received 374 and 224 votes, respectively. He noted that Ms. Mayr and Mr. Van Beek will be listed on the final election ballot. He indicated that Ms. Mayr drew the bottom spot on the final election ballot in a random drawing.

Ms. Mayr asked whether the final election can be bypassed in the future if one retired Board member candidate receives more than 50% of the votes in the primary election. Mr. Grady responded that going forward, the Board could amend Rule 1034 to provide for such an election procedure. The Chairman indicated that he would like a draft amendment to Rule 1034, allowing for the omission of the final election if one retired Board member candidate receives 50% or more of the votes in the primary election ballot.

6. Investments

(a) Investment Manager Report – Capital Guardian – Small Cap Report

Mr. Klein and Ms. Brar distributed a report on ERS's investment in Capital Guardian's non-U.S. small capitalization equity fund and presented it to the Board on behalf of Capital Guardian. Mr. Klein stated that Capital Guardian has 90 analysts worldwide and that 29 analysts make decisions on the ERS portfolio. Mr. Klein reviewed Capital Guardian's investment process, which he said includes diligently and thoroughly researching the companies, communicating the possible range of investments, selecting the stocks, implementing the decisions and controlling risk. He indicated that ERS has underperformed the selected international small cap benchmark this year.

Ms. Brar stated that the non-U.S. small cap asset class is very inefficient. She noted that Capital Guardian's research regarding this asset class

identifies stocks that are mispriced. She reported that the non-U.S. small cap asset class consists of a very large number of companies, which must be thoroughly researched prior to investing in them. She indicated that Capital Guardian only invests in stock with a market capitalization of less than \$2 billion, but noted that Capital Guardian may hold a stock until its market capitalization reaches \$4 billion. Ms. Brar stated that Capital Guardian's detailed stock selection process is extremely important to a portfolio's return.

Ms. Brar reviewed ERS's 20 largest holdings, indicating the weight of each stock in the portfolio. Ms. Brar continued discussing ERS's investment diversification by industry. She noted that ERS was overweight in materials, consumer discretionary health care and information technology, and was underweight in energy, industrials, consumer staples, financials, telecommunication services and utilities. Ms. Brar reported on ERS's diversification by country, noting that approximately 42% of ERS's portfolio was invested in Europe, 40% was invested in countries in the Pacific basin, 12% was invested in Canada and about 6% was invested in emerging markets. She noted that ERS's portfolio is well diversified on both a geographic and industry-wide basis.

The Board excused Mr. Klein and Ms. Brar from the meeting.

(b) Mercer Report

Mr. Dennison introduced Mr. Silvestri and Mr. Cooper as part of Mercer Investment Consulting's ERS team. Mr. Dennison presented Mercer's Flash Report for August 2007. He reported that ERS's investment managers had an ordinary month in August, despite the market turmoil. He stated that ERS had a market value of just under \$1.62 billion at the end of August. He reported that ERS's aggregate market value increased by 0.4% during August, which trailed the Reference Index by 30 basis points.

Mr. Dennison reviewed ERS's investment managers' performance. He reported that Hotchkis & Wiley has been ERS's weakest manager, as its performance has noticeably lagged behind its benchmark for the entire year. He asked whether the Board would like to activate ERS's "backup manager" for the mid-cap value manager position that Hotchkis & Wiley occupies. He explained that Mercer tracks the performance of potential investment managers that Mercer and ERS have identified as candidates to replace an underperforming investment manager. The Chairman indicated that Hotchkis & Wiley has been an investment manager for ERS for approximately three years and the terms of ERS's investment policy state that if a mid-cap manager underperforms over a three-year period, that

investment manager must come before the Board for review of its underperformance. Mr. Martin indicated that the Board must look at alternative investment manager candidates for the mid-cap value manager position. Ms. Bedford noted that the Board is able to switch investment managers at its discretion.

Mr. Dennison stated that Artisan has been struggling but its performance has been better as of late. He reported that EARNEST Partners' performance has been improving but is lagging behind its benchmark. He noted that Reinhart Partners, Inc. has performed well this year. He then reviewed Westfield Capital Management's performance throughout the year.

Mr. Dennison next discussed the international equity investment managers. He noted that the Board is transitioning Capital Guardian's large cap position. He continued by stating that August was not a good month for international small cap managers. He indicated that ERS is benefiting from diversification of investments because there never is a time when every investment is performing very well or very poorly. He indicated that fixed income investments performed well in August and that high yield fixed income investments behave much like equity investments.

Mr. Dennison reviewed ERS's asset allocation as of August 31, 2007. He noted that the asset reallocation discussed at the August Board meeting had been completed and that ERS's asset allocations are near the target levels. He reported that ERS is comfortably within the boundaries of its current investment policy.

Mr. Ostermeyer asked Mr. Dennison to review Mercer's semi-annual investment performance report and answer specific questions relating to the report at the October Board meeting.

(c) Investment Committee Report

Mr. Martin reported that the August Investment Committee meeting was canceled.

7. Implementation of New Technology Software

Mr. Campbell distributed and presented the V3 Project Update report to the Pension Board. Mr. Campbell discussed the project work plan and delivery timetable, specifically noting the core system for pension and life/health is scheduled to be installed by September 2008 and the self-service function is scheduled to be operational by December 2008. Mr. Campbell reported that the

V3 specific document review is 41.2% complete, while the V3 forms development is 89.2% complete. He noted that the data conversion process is progressing as scheduled and that the required payroll data will soon be available in Structured Query Language. He then reviewed the status of the backfile imaging project, and stated that it was scheduled to begin on October 5. He indicated that he is looking into the possibility of imaging Board meeting minutes back to 1937 enabled with a text search function. Mr. Campbell reported that he is still waiting to receive the Vitech contract addendum for the scope change and that the contract is in the final stage of legal review.

Mr. Campbell continued discussing the revised project timeline and its impact on the overall budget. He specifically noted that a business analyst will need to be added for the remainder of the project implementation. In response to the Chairman's question regarding the involvement of Ceridian, Mr. Campbell stated that Ceridian is involved because the V3 project requires some data to be taken directly from the Ceridian payroll system. Mr. Campbell continued reviewing the costs of the Vitech project and summarized the total projected five-year Vitech costs. He noted that there were total projected "other resource" costs of approximately \$1.2 million, which consisted of the initial project cost, additional approved costs, an ERS assessment, a delay cost and the cost of hiring a business analyst.

Mr. Campbell expressed concerns about the impact that the legal actions and audit requests will have on the Vitech implementation project. He noted that on average, he needs approximately 35% of the staff's time devoted to implementing the project for the project to be completed at its current estimated completion date. Mr. Campbell indicated that because of these needs, V3 needs an embedded person in the business analyst position. He specified that the business analyst role will assist the ERS staff with the system change, analyze business needs of ERS, identify potential problems and propose solutions. The business analyst would report to the ERS project manager. In response to Mr. Grady's questions, Mr. Campbell discussed the reasons why a business analyst was needed. Mr. Grady reported that the business analyst position is not a permanent position and would only be necessary through the implementation of the Vitech project. Ms. Mayr asked why the business analyst position was not included in the original Vitech contract. Mr. Grady responded that, in hindsight, someone like Don Campbell should have been retained to help write the computer system request for proposal and select Vitech. The Chairman indicated that the Board had hired Maximus to write the request for proposal. Mr. Campbell requested approval of the revised implementation timeline with the revised project budget, which represents an increase of \$583,300 over the projected cost and to implement the business analyst role. Mr. Ostermeyer asked whether the business analyst would focus solely on the project and not act as a supervisor. Mr. Campbell responded

by saying that the business analyst is not a supervisor and that the business analyst is only focused on how to get the most out of the resources that are available.

The Chairman asked Ms. Mayr about the issues surrounding independent contractors performing County functions. Ms. Mayr answered that she does not see any similarities between the current situation and the situation where Milwaukee County previously violated independent contractor rules and took corrective action with the IRS. Mr. Campbell reported that the business analyst will be a true independent contractor. In response to a question from the Chairman, Mr. Hohrein listed his concerns, which include: proper staffing levels, being included on key issues regarding the Vitech project and not being consulted on the budgetary and estimated completion date issues. Mr. Arena stated that he recognizes the deficiency of resources, especially with the ongoing investigation of the buy in and buy back issues, and that he is trying to address Mr. Hohrein's issues and the demands on the ERS staff. Mr. Hohrein expressed his appreciation for Mr. Arena's support and stated that Mr. Arena has been a tremendous help and resource in improving the Retirement Office's operations. Ms. Mayr asked if a request for proposal process was used and expressed her view that an RFP should have been used. Mr. Arena answered that a request for proposal was not used. Mr. Campbell stated that adding a business analyst would be an expansion of the current SysLogic contract with ERS. Ms. Mayr stated that this would be risky, because an individual can leave employment with a company but ERS could still be bound to that company.

The Chairman stated that the Board must look at competing demands for the retirement files. Mr. Campbell stated that an individual could help manage the process of controlling the folders and files. Ms. Mayr indicated that the Retirement office will still be understaffed. The Chairman agreed. Mr. Grady pointed out that the discussion is going beyond the agenda item, and the Board may need to put the discussion of the business analyst role on the October agenda.

Mr. Ostermeyer indicated that at a spring 2006 Board meeting, the lack of staffing causing cost overruns was discussed. At that time, he indicated that understaffing would not be an acceptable reason for cost overruns on the Vitech system. He stated that a discussion of ERS staffing and the business analyst role should be put on the October agenda. Mr. Arena indicated that he would like to continue discussing the business analyst role now, and address the general ERS staffing issues in October. The Chairman reported that Ms. Riley had raised a question on the need for a request for proposal. Mr. Grady answered that he would need to check the SysLogic contract with ERS and address the request for proposal issue. Mr. Ostermeyer noted that a month-by-month approach may make more sense with respect to the business analyst role. The Chairman stated that the November

agenda will include a general discussion of ERS staffing issues, including long-term staffing issues and the appropriateness of hiring a business analyst.

The Board unanimously agreed to engage a business analyst with respect to the Vitech implementation through at least the end of November 2007 for the specific purpose of assisting in the implementation of the Vitech system, and to consider the business analyst role as part of a November Board meeting discussion of the general ERS staffing issues. Motion by Mr. Ostermeyer, seconded by Mr. Martin.

Ms. Mayr asked Mr. Grady to review the SysLogic contract to determine whether a request for proposal is needed. Mr. Ostermeyer suggested including an update on the business analyst role on the October agenda. Mr. Cohen asked Mr. Hohrein to forward his personnel meeting report to the Board. In response to questions from Ms. Beford and Ms. Mayr, Mr. Campbell explained the reasons for the Vitech cost overruns.

The Board unanimously approved both the revised implementation timeline regarding the Vitech system project and the revised Vitech project budget. Motion by Mr. Weber, seconded by Mr. Martin.

8. Vitech Implementation Oversight Committee Report

Mr. Parish reported on the August meeting of the Vitech Implementation Oversight Committee. Mr. Parish indicated that a County employee will eventually replace Mr. Campbell as the V3 interface with the Pension Board.

9. Report on Task Force on Pension Funding

Ms. Mayr reported on the August Task Force on Pension Funding meeting, which Mr. Cohen was unable to attend. Ms. Mayr stated that the meeting was, in part, an exploratory meeting regarding pension obligation bonds. Ms. Mayr noted that the Task Force discussed funding either part or all of ERS's shortfall with pension obligation bonds, but she stated that the County would need a change in Wisconsin law to do so. Ms. Mayr reported that proposed legislation will be introduced in the state legislature. She indicated that there are several possibilities for investment of the proceeds of the bonds. Ms. Mayr stated that the Task Force will not meet again until November, and the goal at the November meeting is to develop a recommendation with respect to funding ERS's pension obligation shortfall.

10. Report of the Ad Hoc Committee

The Chairman reported that the Ad Hoc Committee had hoped to announce at today's Board meeting the appointment of a special investigator to investigate

various issues. He stated that the Ad Hoc Committee will meet at Ms. Riley's firm's law offices at 1:00 p.m. on Thursday, September 20 for a final vote on the investigator. The Chairman indicated that the Ad Hoc Committee will end once the engagement is completed. He noted that an oversight committee will need to be formed to oversee the investigator. Ms. Mayr stated that she had corrections to the Ad Hoc Committee meeting minutes. She stated that she will make the corrections at the September 20 Ad Hoc Committee meeting.

The Vice-Chairman stated that the Board may adjourn into closed session for the purpose of receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation and for considering the financial, medical, social or personal histories or disciplinary data of specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data.

The Board voted 7-1 by roll call vote, with Ms. Mayr dissenting, to enter into closed session to discuss items 10 and 11. Motion by Mr. Ostermeyer, seconded by Mr. Martin.

Dr. Peck arrived at the meeting.

Upon returning to open session, the Board voted 8-1, with Ms. Mayr dissenting, to establish an oversight committee comprised of the Pension Board Chair or his designee, the County Executive or his designee, the County Board Chairman or his designee and two community members selected by the Chairman of the Pension Board, to oversee the special investigator's investigation. Motion by Mr. Weber, seconded by Ms. Bedford.

Ms. Mayr expressed her opinion that one of the two community members should be a retiree. The Chairman stated that the Board discussed this issue in closed session and determined that a Board member would represent all retirees. Ms. Mayr offered to amend the motion. Mr. Weber did not accept Ms. Mayr's amendment before the resolution was adopted.

11. Pending Litigation

The Board discussed pending litigation in closed session.

- (a) Milwaukee County et al. v. Mercer Human Resource Consulting
- (b) Hanson v. ERS
- (c) FNHP v. County and ERS – WERC Complaint

12. Appeal of Jackie Wigley – ADR Earnings

The Board reviewed Mr. Wigley's appeal of the Retirement Office's reduction of his disability pension based on his earned income for 2005. The Chairman discussed the facts surrounding Mr. Wigley's appeal. Mr. Wigley earned between \$12,000 and \$20,000 per year from his employment with Aurora Health Care. Mr. Wigley and his wife also operate businesses out of their home. Mr. Hohrein indicated that Ordinance section 10.2 states that a member's disability pension is reduced if he or she earns more than the difference between his or her final average salary at the time of the disability and the amount his or her disability pension. He noted that the pension amount cannot be adjusted upwards. Mr. Wigley's disability pension was equal to 80% of his final average salary. However, Mr. Wigley's earned income in 2005 exceeded the allowable amount, the difference between his final average salary and his disability pension. Accordingly, Mr. Wigley's disability pension was reduced.

Mr. Hohrein stated that Mr. Wigley claimed that his wife's income was reported under his Social Security number. Mr. Wigley requested that his 2005 income be split between him and his wife because they filed a joint tax return, which would allow him to continue to receive an unreduced disability pension.

Mr. Ostermeyer asked if it is too late for Mr. Wigley to file an amended return. Mr. Hohrein stated that he told Mr. Wigley to file an amended tax return if he wanted ERS to maintain his current disability pension, but Mr. Wigley did not do so because it would have increased the taxes on the joint income.

The Board unanimously agreed to deny Mr. Wigley's appeal. Motion by Mr. Weber, seconded by Ms. Mayr.

13. Appeal of Eric Lesch – Buy In Request

The Chairman discussed the facts surrounding Mr. Lesch's buy in request. The Chairman stated that in the summers of 1992 and 1993, while a minor, Mr. Lesch signed forms enrolling in OBRA. Mr. Lesch continued his OBRA employment between 1994 through 2000, and elected to become a member of OBRA each

year. Mr. Lesch was hired full time in 2000. Mr. Lesch is appealing the denial of his buy in request, which was submitted after the December 31, 2006 buy in sunset.

The Chairman noted that Mr. Lesch stated that two other people have been allowed to buy in after December 31, 2006, the deadline for buy in requests. The Chairman noted that both of the two people who Mr. Lesch cites did not submit their applications after the sunset, but rather only were making installment payments after the sunset. Mr. Hohrein indicated that the other two members' situations were different than Mr. Lesch's situation. Ms. Mayr said it was Corporation Counsel's opinion that because Mr. Lesch had continually elected to not participate in ERS and participate in OBRA after attaining the age of majority, he had essentially affirmed the OBRA elections he made while a minor. Mr. Huff stated that under Rule 207(a), a member cannot use Rule 207 if he or she opts into OBRA. The Board directed Mr. Huff to determine whether the two members that Mr. Lesch states were allowed to buy in after Rule 207's deadline were improperly granted buy in benefits.

The Pension Board unanimously agreed to deny Mr. Lesch's buy in appeal. Motion by Ms. Mayr, seconded by Ms. Bedford.

Mr. Ostermeyer indicated that the Retirement Office should send the denial letter drafted by Mr. Grady to Mr. Lesch.

14. Appeal of Laura Tice – CETA Credit

The Chairman discussed Ms. Tice's appeal regarding the denial of her request for CETA credit. The Chairman stated that Ms. Tice contends that she should be granted CETA credit for her employment at the County Hospital through the Medical College of Wisconsin for the years 1976 through 1982. The Chairman indicated that Ms. Tice submitted Social Security records showing payments on her behalf by the Medical College of Wisconsin. She also submitted documents with the names of persons who worked with her. Dr. Steven Ulrich, M.D., her former supervisor, told the Board that Ms. Tice was an integral part of the County hospital.

Mr. Hohrein reported that many other people in similar situations were denied CETA credit. He stated that Ms. Tice was not a CETA employee because the Medical College of Wisconsin, and not Milwaukee County, paid Social Security taxes on her behalf. He indicated that the County paid the Social Security taxes for CETA employees.

The Board unanimously agreed to deny Ms. Tice's CETA credit appeal. Motion by Mr. Cohen, seconded by Ms. Mayr.

15. New Rule 1039 – Information Furnished by Member

Mr. Huff explained that Mr. Hohrein had raised the issue of requiring documentation from members prior to receiving pension benefits at the August Board meeting and prior Audit Committee meeting. Mr. Huff indicated that the Board had asked his law firm to draft a rule to implement such a documentation requirement. Mr. Huff reviewed Rule 1039 and noted the specific documentation requirements, pointing out that the Rule contains a catch-all provision that allows the Board to decide what documentation, other than the documentation listed, is sufficient to receive a pension benefit. Mr. Weber explained for the Board what the Audit Committee's rationale was for what is acceptable for pension benefit documentation.

The Board unanimously adopted Rule 1039, which describes the information that a member must submit to the Retirement Office prior to receiving a benefit, which is attached to these minutes as Exhibit 1. Motion by Mr. Weber, seconded by Mr. Martin.

16. Continuing Education/Board Retreats/Training and Professional Organizations

The Chairman discussed the Investing in Infrastructure Conference taking place in Chicago on November 5 through November 7. The Chairman indicated that this conference will discuss issues surrounding the investment in new infrastructure investment funds. He noted that 30 hours of education are encouraged each year for each Board member and generally a maximum of three trips are permitted.

The Board unanimously approved attendance for any Board member wishing to attend the Investing in Infrastructure Conference. Motion by Mr. Martin, seconded by Ms. Bedford.

17. Disability Application of Beatrice Crump-ADR

Mr. Grady stated that the medical board concluded that Ms. Crump is permanently disabled as a result of a service related accident and that she qualifies for an accidental disability pension. He stated that the County looked for and could not find any County employment for which Ms. Crump would be suitable. Therefore, Mr. Grady recommended approval of Ms. Crump's disability application.

The Board unanimously approved Ms. Crump's application for an accidental disability pension, based on the recommendation of the medical board. Motion by Mr. Cohen, seconded by Mr. Martin.

18. Election of Vice Chairman

The Board agreed to elect a new Vice Chairman. Mr. Weber accepted the Board's nomination to become Vice Chairman.

The Board voted 8-0-1, with Mr. Weber abstaining, to appoint Mr. Weber as Vice Chairman of the Pension Board. Motion by Ms. Mayr, seconded by Mr. Martin.

The Board voted 9-0 by roll call vote to enter into closed session to discuss item 19. Motion by Mr. Ostermeyer, seconded by Mr. Martin.

19. Report on Compliance Review

(a) Possible Audit Recommendations

The Board discussed possible audit recommendations in closed session.

(b) Ongoing Procedures

The Board discussed ongoing procedures in closed session.

(c) Interpretations of Ordinances 201.24(3.5) and (4.1)

Upon returning to open session, the Board voted 7-0, to interpret Ordinance section 3.5 to require that an ERS member must request a refund of his or her account before it will be paid, and to interpret Ordinance section 4.1 to state that individuals who retire after attaining age 60 are immediately vested in any service credit earned, regardless of the amount. Motion by Ms. Bedford, seconded by Mr. Parish.

20. Adjournment

The meeting adjourned at 2:40 p.m.

Submitted by Steven D. Huff,
Assistant Secretary to the Pension Board

EXHIBIT 1

AMENDMENT TO THE RULES OF
THE PENSION BOARD OF THE EMPLOYEES'
RETIREMENT SYSTEM OF THE
COUNTY OF MILWAUKEE

RECITALS

1. Section 201.24(8.1) of the General Ordinances of Milwaukee County (the "Ordinances") provides that the Pension Board of the Employees' Retirement System of the County of Milwaukee (the "Pension Board") is responsible for the general administration and operation of the Employees' Retirement System of the County of Milwaukee ("ERS").
2. Ordinance section 201.24(8.6) allows the Pension Board to establish rules for the administration of ERS.
3. The Pension Board desires to require certain identifying information from a member when the member is applying for benefits.

RESOLUTION

1. Pursuant to Ordinance section 201.24(8.6), the Pension Board hereby creates and adopts Rule 1039 to read as follows:

1039. Information Furnished by Member.

The Pension Board shall have the right to require, as a condition precedent to the payment of any benefit, an individual applying for a benefit under the System to provide all information which the Pension Board or Retirement Office reasonably deems necessary to authenticate the identity, status or eligibility of the individual, including:

- (a) as proof of identity: a U.S. Passport; an original or certified copy of a birth certificate issued by a state, county, municipal authority or outlying possession of the United States bearing an official seal; a certification of birth abroad issued by the Department of State (Form FS-545 or Form DS-1350); a U.S. social security card issued by the Social Security Administration; a driver's license or ID card issued by a state or outlying possession of the United States, provided it contains a photograph or information such as name, date of birth, gender, height, eye color and address;

(b) as proof of marriage: an original marriage certificate; a copy of a public record of marriage certified by the custodian of record; a copy of the member's tax returns for the three preceding years that indicate the member filed the return as married;

(c) or such other documents determined to be acceptable by the Pension Board.

No benefit for which the Pension Board or Retirement Office requires any such information shall be payable until the Retirement Office receives such information.